

CASE STUDY

AUTOMAKER STREAMLINES PRODUCTION IN MEXICO WITH INVENTORY EFFICIENCY

Automotive manufacturing is like a well-planned athletic competition. Every play needs to be designed and executed flawlessly by each member of the team. For one leading international automaker, increasing the efficiency of inbound-to-manufacturing materials flow was the fundamental step in driving peak production performance. And with all the parts that go into a single vehicle, there was no room for a single stumble.

CUSTOMER CHALLENGE

With part suppliers, sub-assemblers, logistics providers and transport companies all supporting the production schedule at the automaker's plant in Mexico, collaboration was a major challenge. Without shared visibility and planning processes among all these supply chain partners, it was even more so. Obsolete materials, unnecessary payments and high transportation and administrative costs were common.

Dispatching special task force teams to work with key suppliers on streamlining their delivery processes was sometimes effective but seldom led to consistent, sustainable performance. The company needed an integrated solution to manage dynamic inventory levels through each step of the process and effectively coordinate just-in-time deliveries. And with three different production processes, 22 suppliers and 300 part numbers, that was no small task.

CUSTOMER CHALLENGE:

- Achieve production transparency for all supply chain partners
- Implement integrated solution to manage inventory and deliveries
- Reduce obsolete materials and high transportation and administrative costs

DHL SUPPLY CHAIN SOLUTION:

Design and implement tailored IT platform that:

- Links all supply chain partners
- Provides real-time production schedule, inventory control and streamlines information
- Analyzes statistics, monitors inventory, identifies obsolete material

CUSTOMER BENEFITS:

- Increased accuracy and timeliness of inventory counts
- Increased on-time delivery of MRO supplies
- Reduced transportation costs and line stoppages
- Reduced inventory and working capital



DHL SUPPLY CHAIN SOLUTION

Fortunately for this company, DHL Supply Chain had developed a supplier integration system to meet just these kinds of challenges. The system is a specialized in-house IT platform that supports common manufacturing operations – such as delivery sequencing, metering and replenishments of open-bin supplies – for inbound-to-manufacturing automotive environments.

DHL Supply Chain worked closely with the customer to implement a tailor-made, web-based supplier integration system. It links all of the company's global supply chain partners into a flexible, real-time production schedule that streamlines information flow and reduces waste.

With support and training at both the implementation and ongoing operation stages, the system provides much needed visibility and inventory control. The system designed included a robust database to analyze statistics, monitor inventory and identify obsolete material. A web portal made it easy for relevant supply chain partners to be continuously informed of stock levels and just-in-time delivery information.

CUSTOMER BENEFIT

DHL Supply Chain's innovative solution improved the automaker's inbound-to-manufacturing material flow between its supplier park and the plant, and provided a framework for sustainable performance in the inbound supply chain. By improving the communication and information flow across the supply chain, the company has seen considerable advantages.

Specific benefits have included:

- 30 percent reduction in inventory
- More accurate, timely inventory counts
- Reduced transportation costs
- Fewer emergency response situations
- 50 percent reduction in obsolete materials
- Tenfold reduction in line stoppages due to material availability
- Improved supplier response time
- Fewer shipment/sequencing errors

QUOTE

"The system we designed includes a robust database to analyze statistics, monitor inventory and identify obsolete material. And a web portal makes it easy for external parties to be continuously informed of stock levels and just-in-time delivery information."

Lamar Miller
Senior Director of Automotive Customer Development,
DHL Supply Chain, Mexico

For further information

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